

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -JUNE 1, 2010- -7:00 P.M.

Mayor Johnson convened the meeting at 7:08 p.m. Councilmember Gilmore led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam and Mayor Johnson – 5.
Absent: None.

AGENDA CHANGES

(10-254) Mayor Johnson announced that the Public Hearing on the Joint Meeting [paragraph no. 10-39 CIC] would be held on June 15, 2010.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY & ANNOUNCEMENTS

None.

CONSENT CALENDAR

Councilmember Gilmore made a correction to page 3 of the minutes.

Councilmember Matarrese moved approval of the Consent Calendar with the correction to the minutes.

Councilmember Tam seconded the motion, which carried by unanimous voice vote – 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*10-255) Minutes of the Special and Regular City Council Meetings held on May 18, 2010. Approved.

(*10-256) Ratified bills in the amount of \$3,946,517.68.

(*10-257) Recommendation to Adopt Plans and Specifications and Authorize a Call for Bids for Citywide Sewer Mains and Laterals Video Inspection, Phase 3, No. P.W. 02-10-08. Accepted.

(*10-258) Recommendation to Allocate \$161,000 from the Alameda Harbor Bay Ferry Long-Term Reserve Account for the Bay Breeze Propulsion System Maintenance and Authorize the Interim City Manager to Execute all Necessary Documents. Accepted.

CITY MANAGER COMMUNICATIONS

None.

REGULAR AGENDA ITEMS

(10-259) Resolution No. 14446, "Appointing Kelly Harp as a Member of the Commission on Disability Issues." Adopted; and

(10-259A) Resolution No. 14447, "Appointing Jeanette Mei as a Member of the Youth Advisory Commission." Adopted.

Councilmember Matarrese moved adoption of the resolutions.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

The City Clerk administered the Oath of Office and presented a certificate of appointment to Ms. Harp.

(10-260) Public Hearing to Consider Resolution No. 14448, "Confirming the Business Improvement Area Report for Fiscal Year 2010-2011 and Levying an Annual Assessment on the Alameda Business Improvement Area of the City of Alameda for Fiscal Year 2010-2011." Adopted.

The Economic Development Director gave a brief presentation.

Councilmember Matarrese moved adoption of the resolution.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

(10-261) Public Hearing to Consider Collection of Delinquent Administrative Citation Fees Via the Property Tax Bills for Subject Properties.

The Chief Building Official gave a brief presentation.

Speaker: Marco Servente.

Councilmember Gilmore moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote – 5.

(10-262) Public Hearing to Consider Collection of Delinquent Business License Fees Via the Property Tax Bills.

The Deputy City Manager – Administrative Services gave a brief presentation.

Vice Mayor deHaan inquired whether the \$6,127.23 past due for a particular business is

for one year, to which the Supervising Accountant responded in the affirmative.

Councilmember Matarrese moved approval of the staff recommendation.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

(10-263) Introduction of Ordinance Amending the Alameda Municipal Code by Adding Section 2-71 (Election Campaign Contributions) to Article VI (Elections) of Chapter II (Administration) to Create Enforceable Limits on Election Contributions to Facilitate Local Campaign Finance Reform and Promote Broader and More Open Citizen Participation in the Electoral Process. Introduced.

The City Attorney gave a brief presentation.

Mayor Johnson inquired whether Section 2-71.2 (a) is similar to State law provisions.

The City Attorney responded in the affirmative; stated the amount required for detailed disclosure is lower; State law would be in effect, if Council does not adopt the provision.

In response to Mayor Johnson's inquiry, the City Attorney stated the disclosure amount could be changed from \$50.00 to \$100.00; that she would double check to ensure the ordinance would not duplicate State law before the second reading.

Mayor Johnson inquired whether Section 2-71.2 (a) could be eliminated if the disclosure amount is left at \$100, to which the City Attorney responded in the affirmative.

Mayor Johnson inquired whether Section 2-71.4 is a repeat of Section 2-71.2 (a).

The City Attorney responded the section is a little different; stated the section describes the aggregate amount.

Mayor Johnson stated the ordinance should be as simple as possible; inquired whether Section 2-71.5 is the same as State law.

The City Clerk responded sub-section 3 requires an additional filing beyond the first and second pre-election statements; stated the additional statement would need to be filed by 2:00 p.m. on the Friday preceding the election.

Mayor Johnson stated the Housing Authority should be added to Section 2-71.7.

The City Attorney stated Section 2-71.7 would apply to any contract for any purpose with the City; "for any purpose including, but not limited, to contracts" could be added.

Mayor Johnson inquired where is the oral reporting requirement, to which the City Attorney responded Section 2-71.6.

Mayor Johnson stated complying with said section could be impossible.

Councilmember Matarrese inquired whether capping expenditures was considered, to which the City Attorney responded in the negative; stated State law discourages capping expenditures; case law prohibits capping expenditures.

Councilmember Matarrese inquired whether the City Attorney is saying that case law prohibits capping expenditures.

The City Attorney responded none of the modeled cities put any cap on campaign expenditures; a voluntary cap could be established; stated there is no cap on an individual's ability to contribute to their own campaign.

Vice Mayor deHaan stated the League of Women Voters cited State and federal law prohibiting expenditure caps.

The City Attorney stated voluntary expenditure caps could be imposed.

Councilmember Gilmore requested clarification on what "election period" means.

The City Attorney responded the election period starts January 1st after the last General election and ends December 31st after the election; stated the election period would have started January 1, 2009 and would go through December 31, 2010 if the last General election was November 2008; special elections have different rules.

Councilmember Gilmore inquired whether the intent is to be retroactive, to which the City Attorney responded in the negative.

Councilmember Gilmore inquired whether the ordinance would become effective January 2, 2011.

The City Attorney responded the ordinance could become effective 30 days after the second reading or could become effective upon the second reading because the ordinance would be pertaining to elections; stated any contributions already received would not be a violation because the ordinance would not be effective until June 15th or July 15th.

Councilmember Gilmore stated that she is having a hard time understanding the election period; people find themselves in debt after an election; inquired whether a person would only have until the end of December to cover debt for a November election, to which the City Attorney responded in the affirmative.

Councilmember Gilmore stated a lot of people end up having to fund raise after the fact.

Mayor Johnson stated sneaky people pay debt off with contributions received [after the election] because they would not have wanted to show the contribution before the

election.

Councilmember Gilmore stated disclosure statements would still need to be filed.

Mayor Johnson stated the person would already have been elected.

Councilmember Gilmore stated paying off debts would be a hardship if the election is in November and contributions can only be received until December.

Mayor Johnson stated the purpose is to let voters know who is financing campaigns before the election.

The City Attorney stated that Fremont has a provision for a debt retirement committee for the sole purpose of receiving contributions to pay off debt.

Councilmember Tam stated other campaign finance ordinances seem to go through an exhaustive, open process; inquired how much time other cities took in an open, community process before adoption and whether ordinance were adopted for existing or future Councilmembers, to which the City Attorney responded that she does not know.

Vice Mayor deHaan stated the issue was discussed with the League of Women Voters two years ago; a public meeting was held; about 50% of cities have some type of campaign finance reform in place; the issue has been discussed for quite a while.

Councilmember Tam stated that the process should be done right; the ordinance needs to go through an open, public process; knowing what the community wants is important so that the ordinance does not become a solution in search of a problem; campaign finance reform was discussed within the confines of the Sunshine Task Force and should be referred to the Sunshine Task Force for a more comprehensive review; community members are very well versed on good government issues; Alameda has a number of good government groups, such as the League of Women Voters, that can help organize the public forum; that she also has a problem understanding the election period timing; the timing creates some inherent conflicts because some Councilmembers have well established campaigns and have made commitments to vendors and contractors; the ordinance would place campaigns at a disadvantage; creating an ordinance with two months before the filing period is unfair; the ordinance should be vetted and implemented next year at the earliest; jamming the ordinance forward would have an inherent conflict of interest for existing Councilmembers; the discussion should be broadened; the ordinance should be referred to the Sunshine Task Force.

Mayor Johnson stated the proposed ordinance would be for the benefit of the public; Alameda is behind the ball on the issue; something should have been done a number of years ago; the issue is not rocket science; referring the matter to the Sunshine Task Force is not necessary; the public is surprised that an ordinance is not in place already; that she does not think people expect a long, drawn out process.

Councilmember Gilmore stated that she is not receiving public outcry about the issue being a problem that needs to be solved; in the past, a candidate spent a lot of her own money on an election, which made people take notice; that she does not think there is a burning desire to have the ordinance done yesterday; the public has not had an adequate opportunity to comment; Council does not know what the public perceives as the problem.

Speaker: Kate Quick, League of Women Voters of Alameda.

Vice Mayor deHaan stated the proposed ordinance only has four or five basic elements and is not part of the Sunshine Task Force purview per say; the intent is to try to bring the cap down to a working level.

The City Attorney stated while there is a disclosure requirement, State law does not have any restriction on local government campaign contribution amounts.

Vice Mayor deHaan stated the City is bringing itself in line with State government and other cities; that he feels comfortable moving forward on the matter.

In response to Mayor Johnson's inquiry, the City Attorney stated the proposed ordinance could become effective the second reading or July 15th; language could be changed if directed.

Mayor Johnson stated City Council meetings are part of the public process; that she does not think there is a reason to not move forward; ordinances can be changed; the Sunshine Task Force can suggest changes.

Councilmember Gilmore stated campaign reform has been discussed on two occasions; tonight is the first time specific language has been discussed; the public has not had the opportunity to comment on specific language and should have the opportunity to do so; the ordinance can be changed but the problem is doing so in the middle of campaign season and people would be asked to change prior commitments.

Mayor Johnson stated people can come to the Council meeting to speak on the matter; there is no reason to delay.

Councilmember Tam moved that the proposed ordinance be sent to the Sunshine Task Force for review.

Councilmember Gilmore seconded the motion.

Under discussion, Councilmember Gilmore stated the ordinance should be done right rather than quickly; having the proposed ordinance in place in a couple of months would be okay that she has a problem with not having the public weighing in on the matter.

Councilmember Matarrese stated there would be a second reading; direction was given to the City Attorney to craft ordinances in parallel with the Sunshine Task Force; the Sunshine Task Force should review the proposed ordinance within the two-week; that he does not see anything wrong with the \$99 State limit; the \$250 limit is a good starting place.

Mayor Johnson stated that she does not think the Sunshine Task Force is scheduled to meet in the next two weeks; suggested leaving out oral disclosure; stated that she does not know how research could be done; suggested going with the \$99 State law disclosure limitation; stated Alameda campaigns are small and do not have paid, professional treasurers or managers; that she is okay with \$500 or \$250 contribution limits.

Vice Mayor deHaan stated the proposed ordinance could be more encompassing; Political Action Committees (PACs), which are not addressed in other cities; \$250 is a good threshold.

Councilmember Gilmore inquired who decided the threshold.

The City Attorney responded \$250 and \$500 are the most common thresholds; stated Union City has the highest threshold, which is \$600.

Councilmember Tam restated that her motion is to defer the issue to the Sunshine Task Force and to create a more open, robust public process.

On the call for the question, the motion FAILED by the following voice vote: Ayes: Councilmembers Gilmore and Tam - 2. Noes: Councilmembers deHaan, Matarrese and Mayor Johnson – 3.

Vice Mayor deHaan stated tweaking has been discussed; Section 2-71.2 could be left out; \$50 could be changed to \$99; anything over \$100 would need to be disclosed; Section 2-71.6 could be struck.

Mayor Johnson stated the Housing Authority should be added along with clarification.

The City Attorney inquired whether there is an interest in providing a debt retirement committee provision; stated Fremont and Union City have said provision.

Vice Mayor deHaan stated that he would like the issue to be flushed out.

Mayor Johnson stated that a debt retirement committee provision could be complicated; information should be provided; the ordinance could be adopted as a separate ordinance.

In response to Councilmember Tam's inquiry, the City Attorney stated a candidate would have until December 31st [following the November election] to receive

contributions for the election period unless a debt retirement committee provision is added.

Mayor Johnson stated that she would be interested into looking at a solution to the issue.

The City Attorney inquired what effective date Council desires.

Vice Mayor deHaan responded that he would prefer the date of final adoption.

Councilmember Gilmore inquired whether Council is satisfied with the election period definition.

Councilmember Matarrese stated that he understands the election period would start January 1st following the last General election; every election would have a two year period, which is vastly different from now; campaigns are getting longer; inquired whether there is a way to extend the period for debt retirement and prevent large, single donations that could skew an election after the fact and whether the post election period currently runs from January 1st and the next reporting period would be June.

The City Clerk responded a filing would be due the end of January and would cover the end of the last period through the end of December.

In response to Councilmember Matarrese's inquiry, the City Attorney stated that she would guess the reason for setting a limit in an election period would be to prohibit ongoing war chest building; stated Oakland has a four-year cycle.

Councilmember Tam inquired whether a person would have one month to retire a debt for a \$250 contribution per individual and/or corporation.

The City Attorney responded in the affirmative; stated "person" means any legal entity.

Councilmember Gilmore stated Section 2-71.5 (b) (3) is different from State law and requires a campaign statement be filed the Friday before the election.

The City Attorney stated the alternative would be to go with State law.

The City Clerk stated State law would still require filing, if there are expenditures over \$1,000 during the late period.

Councilmember Tam inquired whether there is a majority preference for the \$250 limit, to which Mayor Johnson responded that she is comfortable with said limit.

The City Attorney summarized the proposed amendments to the ordinance: to correct and possibly eliminate Section 2-71.2 (a) and Section 2-71.4 and stay with State disclosure requirements; Section 2-71.4 would be consistent with the \$100 limit; Section

2-71.5 (b) (3) would stay; Section 2-71.6 would be struck; Section 2-71.7 would have the Housing Authority added and language would be clarified to make it abundantly clear that it means any contract; the effective date would be the date of final passage.

Vice Mayor deHaan moved introduction of the ordinance with amendments.

Councilmember Matarrese seconded the motion.

Under discussion, Councilmember Matarrese requested that the proposed ordinance be posted on the website and the Sunshine Task Force be invited to comment; stated that he would welcome input; adjustments can be made at the second reading.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers deHaan, Matarrese and Mayor Johnson – 3. Noes: Councilmembers Gilmore and Tam – 2.

ORAL COMMUNICATIONS, NON-AGENDA

(10-264) Michael John Torrey, Alameda, invited everyone to attend ARRL Field Day on June 26th.

(10-265) Philip Tribuzio, Alameda, discussed the America's Cup.

Councilmember Tam left the dias at 8:17 p.m. and returned at 8:20 p.m.

(10-266) Jane Sullwold, Alameda Junior Golf, submitted a letter, urged that approval of a Lease be placed on a Council agenda as soon as possible.

COUNCIL REFERRALS

None.

COUNCIL COMMUNICATIONS

(10-267) Councilmember Gilmore stated Council passed a policy urging residents and the City to shop Alameda first; the City has not been good at offering opportunities to residents and businesses; some web designers are upset that they have not been given the opportunity to compete for contracts.

Vice Mayor deHaan stated in the past, monthly financial reports showed the amount spent locally; requested that the report be provided regularly.

Councilmember Matarrese stated competitive bidding has been discussed in the past and should be added to the list.

Mayor Johnson stated Council could be provided with a briefing on the contract process.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the meeting at 8:26 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JUNE 1, 2010- -6:00 P.M.

The Special Joint Meeting was cancelled. The following items Closed Session items were not addressed:

(10-251 CC) Conference with Legal Counsel – Anticipated Litigation; Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; Number of cases: One. Not heard.

(10-252 CC) Conference with Legal Counsel – Anticipated Litigation; Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; Number of cases: One. Not heard.

(10-253 CC/35 CIC) Conference with Real Property Negotiator; Property: 1590 and 1616 Fortmann Way; Negotiating Parties: Warmington Homes, City of Alameda and CIC; Under Negotiations: Price and terms. Not heard.

Lara Weisiger, City Clerk
Secretary, CIC

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY (ARRA), AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JUNE 1, 2010- -7:01 P.M.

Mayor/Chair Johnson convened the meeting at 7:27 p.m.

ROLL CALL - Present: Councilmembers/ Board Members/ Commissioners deHaan, Gilmore, Matarrese, Tam, and Mayor/Chair Johnson.

Absent: None.

CONSENT CALENDAR

Councilmember/Board Member/Commissioner Matarrese moved approval of the Consent Calendar.

Councilmember/Board Member/Commissioner Tam seconded the motion, which carried by unanimous voice vote – 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*10-268 CC/ARRA/10-36 CIC) Minutes of the Special ARRA Meeting on May 6, 2010 and the Special Joint City Council, ARRA and CIC Meeting Held on May 18, 2010. Approved.

(*ARRA/10-37 CIC) Recommendation to Award a Five-Year Contract for Professional Audit Services for the Community Improvement Commission and the Alameda Reuse and Redevelopment Authority for Fiscal Years Ending June 30, 2010 through June 30, 2014 to Caporicci & Larson. Accepted.

(*ARRA) Recommendation to Authorize Negotiation and Execution of a Sublease for Dreyfuss Capital Partners, Building 29, at Alameda Point. Accepted.

(*ARRA) Recommendation to Authorize Approval of a Sublease for Point Source Power, Building 7, at Alameda Point. Accepted.

CITY MANAGER/EXECUTIVE DIRECTOR COMMUNICATION

(*10-269 CC/ARRA/10-38 CIC) Semimonthly Update on SunCal Negotiations

The Deputy City Manager – Development Services provided a handout and gave a brief presentation.

Councilmember/Board Member/Commissioner Tam inquired whether the City has received any indication from the Navy regarding whether the Navy would convey the land in phases and whether the issue would be related to funding issues.

The Deputy City Manager - Development Services responded the City has made some assumptions as to what the Navy would do; detailed conversations have not taken place; the Navy is motivated to convey the land.

Councilmember/Board Member/Commissioner Tam inquired what assumptions the City would like to see with respect to phasing.

The Deputy City Manager - Development Services responded a couple issues in Phases 1 and 2 need to be resolved; stated Phases 3, 4, and 5 do not have significant issues; in general, the news is good.

In response to Councilmember/Board Member/Commissioner Tam's inquiry, the Deputy City Manager - Development Services responded the pro forma assumes that the land would be taken down in 2012, with pads being sold in 2014 which is consistent with the clean up schedule, except for a couple of exceptions in Phases 1 and 2.

Councilmember/Board Member/Commissioner Tam inquired whether the City assumes that the Navy would want funding all at once when Phase 1 is completed and conveyed.

The Deputy City Manager - Development Services responded land payments have been discussed; stated payment timing has not been discussed.

Councilmember/Board Member/Commissioner Gilmore inquired whether staff has discussed money with the Navy and how and when the Navy wants to be paid.

The Deputy City Manager - Development Services responded staff has talked to the Navy regarding the Measure B plan; stated the Navy did not follow up after the initiative failed; the Navy stated that it has subsequent questions; conversations focused on SunCal's ability to guarantee payments; the Navy has questions regarding whether payments would be deferred, whether SunCal and D.E. Shaw would be capable of making payments, and what assurances the Navy would have regarding secured payments.

Councilmember/Board Member/Commissioner Gilmore inquired whether the Navy has indicated whether it would be interested in some number other than the \$108.5 million.

The Deputy City Manager - Development Services responded in the negative; stated SunCal has made statements to the Navy regarding willingness to pay what is shown in the project pro forma; terms are not clear; the Navy will not have conversations with SunCal until the City okays the discussion.

Councilmember/Board Member/Commissioner Gilmore inquired whether the Navy has indicated that it is not resistant to being paid over time.

The Deputy City Manager - Development Services responded the Navy prefers up front payment and is willing to consider back end participation because of the Defense Authorization Bill passed last October; the Navy's concern is how it knows it would be paid.

Councilmember/Board Member/Commissioner deHaan stated ARRA and SunCal have pledged openness; inquired whether the Navy has signed onto openness.

The Deputy City Manager - Development Services responded the Navy is a public agency; stated that she will ask the Navy about the matter.

Councilmember/Board Member/Commissioner deHaan stated the threshold for 1,100 individual homes was \$666,000 per home; the Navy has not asked for more than \$108.5 million with additional homes.

The Deputy City Manager - Development Services stated to date, the Navy has not asked for more than \$108.5 million but has not stated that it is willing to accept \$108.5 million; the \$108.5 million does not include Phases 4 and 5.

Councilmember/Board Member/Commissioner deHaan stated the proposal includes the northern territory.

The Deputy City Manager - Development Services stated details have not been worked out.

Mayor/Chair Johnson stated that she recalls that the Navy bases its number on a land value formula.

The Deputy City Manager - Development Services stated the Navy hires an economic consultant; the consultant looks at the pro forma; \$108.5 million is for the 1,800 Preliminary Development Concept (PDC) project; market changes have been significant.

Stan Brown, SunCal, stated confusion has involved the application versus the density bonus option plan; SunCal believes addressing issues on the application is appropriate; SunCal has expressed a desire to move toward a transit oriented plan; SunCal will continue to be responsive to questions throughout the eighteen-month to two-year process to complete the Environmental Impact Report; SunCal does not want to confuse openness with what is in the letter.

AGENDA ITEMS

(10-39 CIC) Public Hearing to Consider Adoption of Resolution Approving and Adopting the Five-Year Implementation Plan for the Business and Waterfront and West End Community Improvement Projects for Fiscal Year 2009 through 2010 and Fiscal Year 2013 through 2014. Continued to June 15, 2010.

(10-270 CC/ARRA/10-40 CIC) Recommendation to: (1) Direct Planning Board to Provide Advisory Recommendation on SunCal Modified Optional Entitlement Application at June 21, 2010 Meeting, and (2) Set Public Hearing for Decision on SunCal Modified Optional Entitlement Application and/or Extension of the Exclusive Negotiation Agreement from Governing Bodies of Alameda by July 20, 2010.

The Deputy City Manager – Development Services gave a brief presentation.

Councilmember/Board Member/Commissioner Matarrese inquired whether milestone documents would be public upon submission, to which the Deputy City Manager – Development Services responded in the affirmative.

Speakers: Jean Sweeney, Alameda; Jim Sweeney, Alameda; Jon Spangler, Alameda; William Smith, Alameda.

Stan Brown, SunCal, gave a Power Point presentation; stated that he disagrees with large elements of the staff report; the major issue he would discuss is the assertion that SunCal has used overly aggressive or optimistic assumptions in developing its pro forma; if the recommendations of City staff and Economic & Planning Systems (EPS) are adopted, there would be substantial degradation to the project pro forma to the extent that the project may become financially infeasible; long range forecasting of project pro formas is difficult; assumption analysis needs to be based upon a clear understanding of industry business practices and a commitment to keep apples to apples comparisons; SunCal believes an apples to oranges comparison has gone on; the staff report identifies a number of differences between SunCal's estimates on various parameters and EPS's recommendations; EPS estimates \$860,000 and SunCal estimates \$1,042,000 for single family home sales in the year 2014, which is a 21% difference in value; the EPS study put historical sales prices in Alameda into two buckets: 1) single family and 2) all housing, including condominiums, townhouses, duplexes and single family homes; EPS came up with \$582,000 for a 1600 square foot house contrasted with SunCal's \$900,000 for a 2500 square foot house; house size has a material effect on the sale price of a home; EPS's real price growth of 2% raises the price to \$630,000; then, EPS applied a 1.22 factor higher sales price for Alameda Point to come up with a projection of \$769,000; a 3% annual inflation rate reaches a nominal real price of \$862,000; the problem with the analysis is that EPS is confusing the buckets and comparing a 1600 square foot house to a 2500 square foot house; the value per square foot of the \$860,000 1600 square foot home is \$539 per square foot;

\$593 per square foot for a 2500 square foot house ends up with a house priced at \$1,347,000; EPS started with the all residential bucket at \$582,000, as opposed to the single family bucket at \$666,000, which ends up with a price of \$1,462,000 for a 2500 square foot single family house using the EPS methodology; EPS estimates that the average premiums at Alameda Point to be 1% of sale price; the SunCal estimate is 6.4%; explained the basis for SunCal's estimate; stated SunCal disagrees with the 1%; regarding absorption, SunCal is not opposed to changing to the City and EPS's recommendation; if the City wants to take a slower absorption, it is fine with SunCal; for single family construction costs, SunCal estimates \$115 versus EPS's estimate of \$130; explained the basis for SunCal's estimate; further stated another area that has been discussed is what should be anticipated as the real growth in home prices over time; SunCal's pro forma includes 2% starting in 2012; ESP recommends 1.4%; both sides have gone back and forth over the analysis; long term construction cost trends range from -0.7% to 0.5%; SunCal included a 0% real price growth; all of SunCal's prices are increased by CPI throughout the term of the project; there have been some clear mistakes in the EPS methodology as to price; EPS's premium analysis is simple; SunCal has done a lot more research on direct construction costs; regarding SunCal's Albuquerque, New Mexico project with D.E. Shaw being put into bankruptcy, it is fair to say any large real estate player, particularly in residential, has struggled in the past several years; assets have gone through a devaluation; SunCal and its partners have been severely hurt; in the Albuquerque example, \$180 million in D.E. Shaw and SunCal's combined equity is in danger of being lost, which is an unfortunate circumstance that is part of the price and risk of working in development; the good news is D.E. Shaw continues to invest along side of SunCal and to express faith that SunCal will go forward, as evidenced by the continuing investment in the Alameda process in terms of the millions of dollars spent to date; SunCal would like to complete the process; a project that the Council, Planning Board, citizens, D.E. Shaw and SunCal could be proud of will be presented to Council for consideration in the next 18 months to two years; SunCal looks forward to the opportunity to complete the process.

Councilmember/Board Member/Commissioner Tam stated the question is whether there would be sufficient funding to pay for public amenities and community benefits envisioned in the Master Plan; the answer is yes as demonstrated by two EPS pro formas delivered to the City on April 8th and April 26th; the density bonus option pro forma was sent to the Deputy City Manager - Development Services on April 26, 2010; inquired whether the pro forma was incorporated in the staff report.

The Deputy City Manager - Development Services responded the pro forma is an attachment to tonight's staff report.

Councilmember/Board Member/Commissioner Tam inquired why staff has a different conclusion than SunCal regarding the density bonus option pro forma relating to payment of public amenities.

The Deputy City Manager - Development Services responded SunCal was responding to the April 20th letter; stated comments are now being reviewed on the letter sent six weeks ago; the City did not have the density bonus pro forma at the time the April 20th letter was sent.

Councilmember/Board Member/Commissioner Tam stated the staff report seems to be contradictory to the statement that there would be sufficient funds to pay for public amenities and community benefits.

The Deputy City Manager - Development Services stated staff believes the assumptions are overly aggressive and questions whether the project could support the public benefits and transportation improvements; staff has come to a different conclusion than SunCal.

Councilmember/Board Member/Commissioner Tam stated that Mr. Brown has stated that there are inconsistencies in the staff analysis of EPS projections; inquired whether staff still has the same conclusions.

The Deputy City Manager - Development Services responded in the affirmative; stated staff has discussed the issues with SunCal; that she would be happy to have EPS discuss the analysis; the big picture is that there are five to seven key assumptions that significantly affect the bottom line of the pro forma; SunCal's assumptions are overly optimistic.

Councilmember/Board Member/Commissioner Tam stated that she does not understand why SunCal's assumptions are considered overly optimistic in light of the requirements for having a project labor agreement and information on builder cost surveys that occurred in May 2010.

Jim Musbach, EPS, stated EPS has been reviewing the pro forma; an independent market analysis was performed; all [SunCal] assumptions skew towards the optimistic; returns are overstated and project risk is understated; SunCal's analysis is inconsistent and is intended to paint a picture that is not supported by evidence; assuming 450 units per year versus 350 units would have a significant impact on the Internal Rate of Return (IRR); SunCal does not defend the suitability of the 14.7% IRR under the Measure A compliant project; funding public amenities and community benefits has risks; EPS calculated a premium of 22% for the area; the calculated premium would be less by starting with just single-family homes; the land values keep escalating and is a red flag and far beyond other projects; improved land values as a percentage of unit prices range from 15% to 25%; SunCal's land values are over 50% of unit value; SunCal ends up with 2% appreciation compounded year after year which all falls to the land value which means there is no escalation in construction costs and the land captures all of the value on the upside, which is not true; EPS does not see \$1 million dollar houses being built for \$105 per square foot; there is no evidence in today's market that land values

are \$2.5 million to \$7.7 million per acre; comps suggest between \$2 million and \$5 million; EPS requested information that would substantiate land prices as a percent of unit prices; SunCal provide one comp from southern California; EPS believes the combination of assumptions is overly optimistic.

Councilmember/Board Member/Commissioner Matarrese requested clarification on Mr. Brown's comments regarding EPS's assumption of \$860,000 for a small house versus \$1.1 million house.

Mr. Musbach stated that he couldn't make sense of the issue; SunCal concludes that figures are lower than EPS by applying the average pricing across all product types, which is not legitimate.

Councilmember/Board Member/Commissioner Matarrese stated that he needs an answer regarding whether or not numbers are real; back calculating the cost per square foot of an \$860,000 house results in a \$1.4 million house instead of a \$1 million house; requested clarification of the matter.

The Deputy City Manager - Development Services responded a more detailed analysis would be provided.

Mr. Musbach stated per square foot costs obscure house size and quality differences; bigger houses will have lower per square foot prices.

Councilmember/Board Member/Commissioner Tam stated the project would never pencil out by looking at just single-family homes; the Measure A compliant plan would not be financially feasible because it would not support the level of public amenities called for in the Master Plan; the Master Plan calculations were across all different housing types.

Mr. Musbach stated EPS took all homes prices in Alameda and looked at that relative to Bayport; Bayport homes command a premium of 22%; EPS could have started with a single-family home and ended up with a smaller differential premium of 10% or 15%; EPS forecasted home prices in Alameda as a whole and then applied the premium to get an estimate of what the cost for what single-family homes are for Alameda; SunCal's argument is that since EPS started with a number for all housing that is for sale, then EPS should compare that price to SunCal's average price across all product types in the project, which includes townhouses and condominiums, which drops SunCal's average price way down.

The Deputy City Manager - Development Services stated the Bayport premium relates to the fact that it is new construction and predominately single-family homes.

Councilmember/Board Member/Commissioner Tam stated EPS is stating that Bayport

homes are currently listed for \$375 per square foot; the assumption in the Optional Entitlement Agreement (OEA) is \$360 per square foot.

Mr. Musbach stated that he couldn't follow the numbers; the comparison is not apples to apples but is a trick to change the average number, which is not accurate.

Councilmember/Board Member/Commissioner deHaan stated that he received the information [SunCal's Power Point] at 3:30 p.m. via email; things seem to be premature; SunCal and EPS need to sit down and have a discussion on the matter; EPS has worked with the City for thirteen years; neither SunCal or EPS understand what the City is going through; EPS should review issues and respond; tonight is not the time and place for discussion; the Power Point presentation is difficult to see; the pro forma has many other issues.

Councilmember/Board Member/Commissioner Gilmore stated that she is thoroughly confused; requested an apple to apple comparison for single-family homes and townhouses, stated that she wants SunCal and EPS to start at the same spot; if both parties end up in a different place, she wants to know where and why in plain English.

Councilmember/Board Member/Commissioner Matarrese stated the pro forma shows an IRR of 19% to 25%; the project would be spread over twenty years; inquired what PERS hopes to get on investments, to which the Deputy City Manager – Administrative Services responded 7.75%.

Councilmember/Board Member/Commissioner Matarrese stated the IRR is not an acceptable level.

Mayor/Chair Johnson state there have been discussions regarding conservative or aggressive assumptions; the real discussion is what would happen if there are not enough funds to pay for public improvements; questioned whether there would be enough money to pay for transportation solutions for 4,800 housing units and 4.5 million square feet of commercial development; said discussions are critical for a successful outcome; understanding the transit oriented nature of the development is important; having enough money to pay for transit solutions is critical.

Mr. Musbach stated the issue is how to secure that the risk is appropriate.

Councilmember/Board Member/Commissioner deHaan stated reverse engineering seems to be taking place; the project is totally different than the 1,700 housing unit project; understanding what is really sustainable is important; 4,800 housing units is hard to put into prospective.

Councilmember/Board Member/Commissioner Gilmore stated the key to any development at Alameda Point is transit and traffic; the project will not be successful

without transit and traffic solutions; job one is paying for transit solutions; the project will not be successful if there is not enough money to pay for transit solutions.

Councilmember/Board Member/Commissioner Matarrese stated the first recommendation in the staff report is to direct the Planning Board to provide an advisory recommendation on the OEA; that he has no faith that any amount of money would solve the issue of getting people who are in the 4,800 housing units on and off the island; having the Planning Board provide an advisory recommendation is important; financing can be reviewed in parallel because financing needs to be based on the project.

Councilmember/Board Member/Commissioner Gilmore inquired whether staff is assuming that SunCal would provide a complete application by the Planning Board meeting, to which the Deputy City Manager - Development Services responded in the negative.

Councilmember/Board Member/Commissioner Gilmore stated generally, the Planning Board provides a recommendation to Council based on a complete application; a work session or scoping session would take place if an application is incomplete; a formal vote would not be taken; a policy determination would be needed without a formal application; making a policy determination is the Council's job.

The Deputy City Manager - Development Services stated the application on file is not deemed complete yet; the matter is an advisory recommendation.

Councilmember/Board Member/Commissioner Tam inquired what the Planning Board would be reviewing if the application were incomplete.

The Planning Services Manager responded the application includes a General Plan amendment and rezoning for the property; stated Council cannot take action on entitlement without an advisory recommendation from the Planning Board; Council's action would be to either deny or not deny the request and let the process continue; staff wanted to provide Council with the option of extending or not extending the Exclusive Negotiating Agreement (ENA) or not given the timeframe of the ENA; staff thought it was important to get advice from the Planning Board before the hearing; having a completed application is not required in order to get the Planning Board's advice.

Councilmember/Board Member/Commissioner Gilmore inquired whether a Planning Board recommendation is required for General Plan amendments or rezoning, to which the Planning Services Manager responded in the affirmative.

Councilmember/Board Member/Commissioner Gilmore stated a determination couldn't be made without a completed application.

The City Attorney stated Planning Board action is required to approve a General Plan amendment or rezoning; action cannot be taken until an Environmental Impact Report (EIR) is completed; the application does not have to go to the Planning Board; however, going to the Planning Board affords another opportunity for community comment and Planning Board input.

Councilmember/Board Member/Commissioner deHaan stated that he understands that the Planning Board has not been provided with all the information; the Planning Board does not understand the total scope of the project; that he questions the need to go back to the Planning Board; too much information is missing.

The Planning Services Manager stated the matter is Council's call since there is no legal requirement for the application to go to the Planning Board.

Councilmember/Board Member/Commissioner Tam stated circling the matter back to the Planning Board may not have any value; that she does not feel there is enough financial information; she does not want to impose the issue on the Planning Board until financial information comes back in a more coherent form.

The Planning Services Manager stated the intention would not be to bring all the economics back to the Planning Board; the Planning Board would be focusing on planning issues.

Councilmember/Board Member/Commissioner Matarrese stated recommendations on land use and transportation plans would be valuable.

The Deputy City Manager - Development Services stated the Planning Board has some of the same questions regarding financial assurances.

Mayor/Chair Johnson stated the project might be starting out to big and maybe the EIR should be smaller; housing units and commercial square footage could be increased if the EIR shows that more capacity would be doable.

Councilmember/Board Member/Commissioner Gilmore stated the Planning Board was looking to Council for guidance; that she thinks the process is backwards.

Mayor/Chair Johnson stated that she does not have a strong opinion either way; the advantage would be to provide an opportunity for public input.

Councilmember/Board Member/Commissioner deHaan stated study after study has been done on transportation issues; today's traffic mitigations discussions are the same as three years ago but the project has increased three fold.

Councilmember/Board Member/Commissioner Tam stated that she does not recall PDC information on the WRT Solomon Transportation Study; inquired whether 1,700 homes would generate revenue to pay for transit solutions.

Councilmember/Board Member/Commissioner deHaan responded the issue is extremely questionable; stated more public amenities would be needed for more homes.

Councilmember/Board Member/Commissioner Tam stated that she thought the whole concept is to have people bike or walk to neighborhood amenities.

Councilmember/Board Member/Commissioner deHaan stated a transit oriented plan was used in the community use plan; the transit oriented community in the community use plan and the PDC were almost parallel; nothing has changed; building more homes is not the answer to transit solutions; Treasure Island is the king of less auto usage; Treasure Island residents use 1.8 autos per home.

Councilmember/Board Member/Commissioner Tam inquired what assumptions were made with respect to the ferry; stated the Alameda Point ferry terminal seems to be doing well and has an over 40% fare box recovery ratio.

Councilmember/Board Member/Commissioner deHaan responded Oakland contributes more of the ridership than Alameda; Oakland would lose its ferry service if the ferry was moved to the lagoon; inquired what is Oakland's fare box recovery ratio.

The Public Works Director responded the Alameda/Oakland Ferry Service fare box recovery ratio is approximately 58%; stated the Oakland connection helps Alameda mid day because of Oakland excursion riders; staff has a meeting on Thursday with the Water Emergency Transit Authority (WETA); WETA is wondering what will happen to the fare box recovery ratio and whether the ferry service would be viable if it is bifurcated from the Oakland connection and located at the seaplane lagoon.

Councilmember/Board Member/Commissioner deHaan stated the northeast corner lagoon location is a concern; the vessel would have to traverse the whole lagoon, which would take five minutes; the PDC relocated the ferry to one of the piers which changes having transit within a quarter mile of density.

The Public Works Director stated the matter was discussed at meetings [with SunCal]; the travel time through the seaplane lagoon would be approximately seven minutes each way; WETA's Interim Operating Plan (IOP) originally envisioned interlinking with the Harbor Bay Ferry Service; currently, the Harbor Bay Ferry Service travel time is 23 minutes, which would increase to 40 to 44 minutes due to the seaplane lagoon location.

Councilmember/Board Member/Commissioner Tam stated there has to be some type of

development at Alameda Point in order to create a more robust ferry system; otherwise, there would not be any ridership; inquired what is the threshold to obtain new ridership, to which the Public Works Director responded a ten minute walk.

In response to Councilmember/Board Member/Commissioner Tam's inquiry, the Public Works Director responded SunCal has not provided ridership estimates; the developer normally provides the information.

Councilmember/Board Member/Commissioner deHaan stated the last study showed that 24% of Alamedans go to San Francisco; thoughts are that every ferry would move all masses to San Francisco, which is not the case.

The Public Works Director stated SunCal is proposing that more people would commute to San Francisco because SunCal's product would be more appealing to people who work in San Francisco; the ferry is only one part of the transportation proposal; the bus rapid transit would be in the later phase.

Councilmember/Board Member/Commissioner deHaan stated the PDC included the bus rapid transit; denser areas would provide an opportunity for more ridership; requested that all information be brought back; stated that he has not seen anything new.

The Public Works Director stated the City developed a preliminary traffic analysis for Measure B; the PDC did not have any traffic analysis but had ideas to sustain a transit oriented development; level of service analyses were not done; the first time a level of service analysis was done was in the Election Report and was very preliminary.

The Deputy City Manager - Development Services stated a lot of new studies have not been conducted in the last three years; the issue would be addressed with SunCal at Thursday's meeting; said discussion could be brought back at the next meeting.

Councilmember/Board Member/Commissioner Gilmore stated there still seems to be an issue regarding where the ferry terminal would be placed; transit solutions need to function as a whole; inquired how work can start on the rest of the transportation system when the ferry terminal location is unknown.

Mayor/Chair Johnson inquired whether the ferry would be part of the transit hub.

The Public Works Director responded in the affirmative; stated the ferry terminal would meet the bus rapid transit; the matter would be discussed with WETA.

In response to Mayor/Chair Johnson's inquiry, the Public Works Director stated SunCal has told the City where it wants the ferry terminal.

Mayor/Chair Johnson stated planning is needed.

The Public Works Director stated the matter is being fine-tuned.

Councilmember/Board Member/Commissioner Gilmore stated that she assumes there would be a similar process with AC Transit.

The Public Works Director stated a similar process would be done with AC Transit eventually.

Councilmember/Board Member/Commissioner Tam stated everything takes time; inquired whether there is enough time to gather information for the June 21st Planning Board Meeting.

The Public Works Director responded the exact ferry terminal location is less important than the idea of what to have; stated the traffic model would not be that sensitive and the Board could see how to interrelate transit and land development density.

Councilmember/Board Member/Commissioner Gilmore inquired whether the ferry terminal would be somewhere in the seaplane lagoon.

The Public Works Director responded the seaplane lagoon is being proposed; stated the proposal is a transit hub in the seaplane lagoon with a ferry terminal at the northeast corner; staff has had discussions with WETA regarding whether there will be enough ridership to bifurcate from Oakland and move the ferry to the seaplane lagoon; that he would like to discuss adding Harbor Bay; WETA only wants to take on new ferry service out of the seaplane lagoon if it is financially feasible and the ridership is there; otherwise, the ferry terminal would remain at the Main Street terminal; there would be shuttles from Alameda Point to the seaplane lagoon by the end of the 3rd phase.

In response to Councilmember/Board Member/Commissioner deHaan's inquiry, the Public Works Director responded WETA's boats accommodate 119 and 159 passengers.

Councilmember/Board Member/Commissioner deHaan stated other options need to be reviewed; other options are getting few and far between; today's generation will change employers many times; the vast majority of employees are in the south bay; Concord does not have any bus service; BART is available in Dublin but is limited in other areas; the City had three years of commitment; SunCal should have had the issue ironed out.

Mayor/Chair Johnson inquired whether the matter should be sent back to the Planning Board, the majority of Councilmembers/Board Members/Commissioners responded in the negative.

The Deputy City Manager - Development Services stated action is needed on the

second item [Setting a Public Hearing for Decision on the SunCal Modified Optional Entitlement Application and/or Extension of the ENA from Governing Bodies of Alameda by July 20, 2010]; staff is looking at either July 6th or July 20th.

Councilmember/Board Member/Commissioner Matarrese stated that he is puzzled why the matter is being addressed tonight when an ARRA meeting was scheduled for tomorrow but was cancelled; monthly ARRA meetings need to be reestablished.

Councilmember/Board Member/Commissioner Matarrese moved approval of setting a Public Hearing on July 6th, 7th, or 20th to decide on the SunCal Modified OEA and/or extension of the ENA.

Councilmember/Board Member/Commissioner deHaan seconded the motion.

Under discussion, the Deputy City Manager - Development Services stated staff would come back with a recommendation on which date.

Councilmember/Board Member/Commissioner Matarrese stated that he prefers to have the public hearing at the regular July 7th ARRA meeting which would not conflict with Council business.

Councilmember/Board Member/Commissioner Tam inquired whether staff expects to have the submittal that occurred over the weekend, the determination of completeness, resolution of financial issues, and transportation plan issues available.

The Deputy City Manager - Development Services responded a definitive answer on the incompleteness [of the application] can be provided by June 15th; stated follow up on the financial information could be provided in the next two weeks; staff would be reporting back on transportation questions on June 15th.

Councilmember/Board Member/Commissioner deHaan stated the density bonus leaves a lot of question in his mind; 1,310 homes is low density; high density is 3,531; the project is not new development throughout but is adaptive reuse and infill; that he needs clarification on 29 areas on the reuse of the Batchelor's Enlisted Quarters (BEQ).

The Deputy City Manager - Development Services stated the total number of units would increase by 30%; density, in terms of the number of units per acre, occurs through a density bonus transfer; a density bonus plan cannot be achieved without the density bonus option and density transfer.

Councilmember/Board Member/Commissioner deHaan stated high density housing is outside the quarter mile and actually goes beyond the quarter mile; more homes would be outside the density corridor; provided a handout; stated the orange area is high density and goes outside the quarter mile; inquired whether high density commercial is

part of the equation.

The Planning Services Manager responded commercial is not part of the density bonus plan; stated the density bonus ordinance would not govern where SunCal chooses to put densities.

Councilmember/Board Member/Commissioner deHaan stated the red outline on page 4 shows high density residential and commercial; the blue line is the buffer zone; that he has never seen anything similar in Alameda.

Councilmember/Board Member/Commissioner Tam stated the WRT Study also analyzed a high range in density that was closer to SunCal's plan.

The Planning Services Manager stated the WRT Study looked at the PDC; the key to making the overall project work for the City is that the 4,200 unit project would have to develop and fund a very successful transportation plan that would work for the entire island; the only way to get people from the 4,200 housing units through the tube would be to have existing residents chose to participate [in a transportation program].

Councilmember/Board Member/Commissioner Tam inquired whether the WRT Study was commissioned by the City, to which the Planning Services Manager responded in the affirmative.

Councilmember/Board Member/Commissioner Tam stated that her comfort level would increase if she had more information before deciding what the date should be; inquired whether information could be provided by the next Council meeting, to which the Planning Services Manager responded in the affirmative.

The Deputy City Manager - Development Services stated staff would come back on June 15th with updates on the completeness of the application, financial issues, and transit oriented develop aspects.

Councilmember/Board Member/Commissioner Tam stated an update should be provided on the concept of density bonus and density transfer and how it works in light of the transit oriented development.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmember/Board Member/Commissioners deHaan, Gilmore, Matarrese, and Mayor/Chair Johnson – 4. Abstention: Councilmember/Board Member/Commissioner Tam – 1.

Councilmember/Board Member/Commissioner Tam stated that she needs more information before she is comfortable with setting a date.

ORAL REPORTS

(ARRA) Oral report from Member Councilmember/Board Member/Commissioner Matarrese, Restoration Advisory Board (RAB) representative - Highlights of May 6 Alameda Point RAB Meeting

Board Member Matarrese stated the Navy is nearing completion of the replacement and removal of several radio active storm drain lines that go from Buildings 5 and 400 to the seaplane lagoon; requested clarification on whether the new storm drains would meet current standards; stated a number of remediation are in place; nearly 75% completion of characterization is being approached; part of the clean up plan includes the former Todd Shipyard near the existing ferry terminal where copper is being removed, which is not all Navy contamination, but the Navy is paying for it.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the meeting at 10:55 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, CIC

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL ALAMEDA PUBLIC
FINANCING AUTHORITY (APFA) MEETING
TUESDAY- -JUNE 1, 2010- -7:02 P.M.

Chair Johnson convened the meeting at 10:56 p.m.

Roll Call - Present: Board Members deHaan, Gilmore, Matarrese, Tam, and Chair Johnson – 5.

Absent: None.

Agenda Item

(10-02) Resolution No. 10-19, "Amending Resolution 92-1 Setting Regular Meeting Dates for Authority Meetings." Adopted.

The Deputy City Manager – Administrative Services gave a brief presentation.

Board Member deHaan moved adoption of the resolution.

Board Member Matarrese seconded the motion with an amendment to add July 7 and September 8, 2010 Alameda Reuse and Redevelopment Authority dates to the list of regular meeting dates.

On the call for the question, the vote carried by unanimous voice vote – 5.

Adjournment

There being no further business, Chair Johnson adjourned the meeting at 10:58 p.m.

Respectfully submitted,

Lara Weisiger
Secretary

The agenda for this meeting was posted in accordance with the Brown Act.